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_____ NATIONAL INTELLIGENCE DAILY CABLE _____

_____ Monday July 12, 1976 _____ CI NIDC 76-162C _____

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Monday July 12, 1976.

[REDACTED]
[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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LEBANON

[REDACTED] Syria may have introduced substantial numbers of additional troops into eastern and northern Lebanon over the past few days to strengthen its forces attacking Palestinian and leftist positions.

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[REDACTED] These troops reportedly have been drawn from Syria's Defense Companies, which ordinarily operate only in the Damascus area to provide security for the Asad government. This well trained force, made up primarily of troops drawn from minority religious groups, probably is considered less likely than regular units to balk at orders to attack Palestinians.

[REDACTED] Syrian troops sharply intensified their attacks on Palestinian and leftist positions north of Tripoli over the weekend. The Syrians apparently are working with Christian forces south of the city to encircle and blockade the leftist and fedayeen-controlled port. If this campaign succeeds, Tyre will be the only port from which the leftists will have access to the interior of Lebanon.

[REDACTED] The Christians are continuing their heavy attacks on Palestinian and leftist forces south of the Tripoli-Zagharta axis. The right-wing militias are making steady gains, and only a handful of leftist strongholds in the area remain.

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[REDACTED] Several clashes have occurred between Syrian and Palestinian forces east of Jazzin on the Jazzin-Sidon road. Syrian

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troops continued to shell Sidon; the port remains under fedayeen control.

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[] Syria's concentration on Tripoli, Balabakk, and Sidon is due largely to the presence of two fortified Palestinian refugee camps near each of these cities. With the exception of four camps in extreme southern Lebanon, which pose no immediate threat to Syria's military campaign, these are the only camps in Lebanon outside the Beirut area.

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[] A Christian radio broadcast yesterday announced that the right-wing militias had captured Tall Zatar, the only remaining Palestinian camp serving as a fedayeen stronghold in a predominantly Christian area of Beirut. This claim is unconfirmed. Two smaller camps in Christian areas had fallen previously.

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[] The military reverses suffered by Palestinian and leftist forces have prompted increasingly urgent calls for help by Fatah chief Arafat and Lebanese socialist leader Jumblatt. Arafat has appealed to Egypt and apparently Libya to assist the Palestinians militarily, and Jumblatt has asked also for aid from Saudi Arabia, Algeria, and Iraq.

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[] Beirut newspapers have spoken of an Egyptian proposal, to be tabled at today's scheduled Arab League foreign ministers' meeting, for a joint Egyptian-Syrian-Saudi "strike force." //The reported plan for intervention may entail nothing more than an attempt to gain League approval for Egyptian participation in a joint Arab force.//

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[] Cairo may feel--undoubtedly over-optimistically--that it can bring enough pressure to bear on Syria to force Damascus to cease its offensive against the Palestinians and to accept an Egyptian role in Lebanon.

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Approved For Release 2007/03/08 : CIA-RDP79T00975A029100010018-9

Next 1 Page(s) In Document Exempt

Approved For Release 2007/03/08 : CIA-RDP79T00975A029100010018-9

LIBYA

25X1 [] //The US embassy in Tripoli believes that Libyan President Qadhafi--humiliated by the Israeli success in rescuing the hostages from the Palestinian hijackers in Uganda last week--will probably react by sponsoring spectacular terrorist attacks against Israeli targets.//

25X1 [] //A recent editorial in a Libyan government-controlled newspaper describes the Israeli raid as a grievous insult to the "dignity of the Palestinian revolution" and the Arab people. The editorial, which the embassy believes probably had Qadhafi's personal approval, criticizes the hijackers for believing that Israel intended to negotiate with them. It openly suggests that the hijackers should have dealt more harshly with their hostages.//

25X1 [] The failure of the Uganda hijacking operation came immediately after exposure of Libya's involvement in the abortive coup in Sudan on July 2 and coincided with Libyan Prime Minister Jallud's failure to show any concrete results from his well publicized month-long mediation effort in Lebanon. //Qadhafi's embarrassment and frustration, rather than chastening him, is more likely in the embassy's view to motivate him to strike out again, probably against an Israeli target.//

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KENYA-UGANDA

25X1 [] The quarrel between Nairobi and Kampala resulting from the Israeli raid on Entebbe is, for the moment, taking the form of Kenyan economic harassment of the Amin regime and reported reprisals against Kenyan citizens living in Uganda.

25X1 [] The Nairobi press is carrying stories of killings and widespread reprisals against Kenyans in Uganda by Amin's secu-

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city forces. We cannot confirm that systematic and officially sanctioned reprisals are under way. At the very least, however, Kenyan expatriates are probably seen as fair game by ill-disciplined soldiers or other Ugandans who sense an opportunity to drive out the Kenyans and seize their property.

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Radio Nairobi charges that there has been a buildup of Ugandan forces along the border in the last few days.

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Uganda-Somalia

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Kampala radio reported on Saturday that a "high-powered" Ugandan military delegation had just returned from meet-

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ings in Mogadiscio with their Somali counterparts. Kenya may well interpret the radio report as an attempt by Amin to forge closer military links with Somalia or at least to persuade President Siad to put pressure on Nairobi. Somalia has long claimed northeastern Kenya--where many ethnic Somalis live--just as Uganda claims western Kenya.

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ETHIOPIA

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[REDACTED] //Major Mengistu Hailemariam, the first vice chairman of the ruling military council, and his supporters on the council have begun a purge of suspected military and civilian opponents.//

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[REDACTED] General Getachew Nadew, martial law administrator and armed forces commander for rebellious Eritrea Province, was killed Saturday in Addis Ababa in a shootout with troops sent to arrest him. He had been called to the capital ostensibly to discuss the situation in Eritrea.//

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[REDACTED] On several occasions over the past year, messages sent from the forces in Eritrea to the council have denounced the regime's policies and authoritarian rule, and called for a political settlement of the Eritrean guerrilla war. In addition, units have refused to undertake aggressive operations against the rebels.

25X1 [] We have no evidence that Getachew was actively plotting against the government. //He was a popular commander and an obvious potential leader of council opponents.

[]

25X1 [] Mengistu probably ordered the arrest of other military and police officers as a means of cowing potential plotters rather than because of any firm evidence that they were planning to oust him and his clique.

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25X1 [] The party reportedly has received extensive Soviet advice and financial support. Its activities so far have been limited mainly to recruiting members and distributing anti-government pamphlets. There are unconfirmed reports that the party has organized a unit to carry out terrorist acts against the government.

IRAQ-USSR

25X1 [] //Soviet Premier Kosygin's official visit to Iraq in late May reportedly resulted in an agreement in principle for sizable quantities of Soviet arms and economic assistance. Details of the agreements will be worked out when Iraqi leader Saddam Husayn goes to Moscow later this year.//

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25X1 [] //We expect Moscow to agree to most of Iraq's requests for major equipment items but to refuse the large spare parts order; the USSR usually provides no more than an 18-month supply. Iraq has now received nearly all the arms it has ordered from the USSR, almost \$2 billion since 1958. Despite Iraq's recent efforts to diversify its sources of arms, Baghdad still relies on the USSR for most of its modern weapons systems.//

25X1 [] //During his visit to Iraq, Kosygin also agreed to consider further economic assistance. New aid could finance about \$500-million of Soviet development contracts now under study. The \$550 million of aid previously extended has all been drawn or allocated to projects under construction.//

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French Territory of the Afars and Issas

25X1 [] Tribal fighting this weekend in the French Territory of the Afars and Issas is a setback for French efforts to bring about an orderly transition to independence. The rioting erupted Saturday after Issas attacked the Afar quarter of Djibouti, the capital. At least 13 people were killed--most of them reportedly Afars--and 50 injured before police restored order.

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25X1 [] The two tribes are traditional enemies and their animosity has frequently led to fighting, but the latest violence clearly had political overtones as well. The Issas attacked and burned the home of the brother of Ali Aref Bourhan, the Afar president of the local government. Issas hold Aref responsible for denying them full participation in the territory's politics and economy.

25X1 [] According to some reports, the clashes began as skirmishes between Aref's Afar-dominated National Independence Union and the predominantly Issa opposition party, the African People's Independence League.

25X1 [] Last month the Union, the League, and Aref's parliamentary opponents--meeting under French auspices--agreed in principle to form a coalition government and to support changes in the territory's electoral laws that would give the Issas and other ethnic Somalis greater representation in the political process. Union representatives signed the agreement despite Aref's opposition. Aref, whose support within his own party has declined sharply over the past year, seemed likely to lose his office as soon as the legislative assembly held a vote of confidence.

25X1 [] The resurgence of tribal hostility may make it difficult for the Union and the League to continue their collaboration. Aref will probably try to convince the Afars that they need his continued leadership to protect their interests against the League. If he succeeds, territorial politics will again become polarized, considerably reducing France's chances of creating a government strong enough to withstand Somali pressure to annex the territory. []

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NAMIBIA

25X1 [] Insurgents of the Southwest African People's Organization based in Angola appear to be operating more aggressively along the Angola-Namibia border and are penetrating farther south into Namibia than before.

25X1 [] Last week a guerrilla band killed an Ovambo tribal policeman and members of his family at their home near the Angolan border, then killed a farmer in a nearby village and

seized a school teacher whom they took back to Angola. According to the South African commissioner general for Namibia, nine more Ovambos were abducted by other guerrilla bands last week.

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[] This is the highest toll of killings and kidnappings within a single week. Last year, the insurgents killed at least 20 civilians and eight South African soldiers, and there were some abductions. Most of the civilian victims have been tribal leaders or other Ovambos who collaborated with the South African administration. The policeman killed last week was serving as bodyguard to the chief minister of the Ovamboland government established by Pretoria in 1973.

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[] South African authorities have confirmed that a ten-man guerrilla group from Angola crossed the southern border of Ovamboland last month and entered the copper mining area around Tsumeb, where all but two were killed. This is the deepest known penetration by a group of this size.

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[] Factional rivalries within the SWAPO leadership have evidently not curbed their ability to increase their small-scale terrorist operations near the Angolan border. The factionalism became apparent last April when Zambian authorities arrested several members of the SWAPO executive in Lusaka who opposed SWAPO president Sam Nujoma.

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[] According to reports earlier this year, many Namibian guerrillas favored Shipanga because they believed that Nujoma was neglecting their interests. Nujoma and other members of the

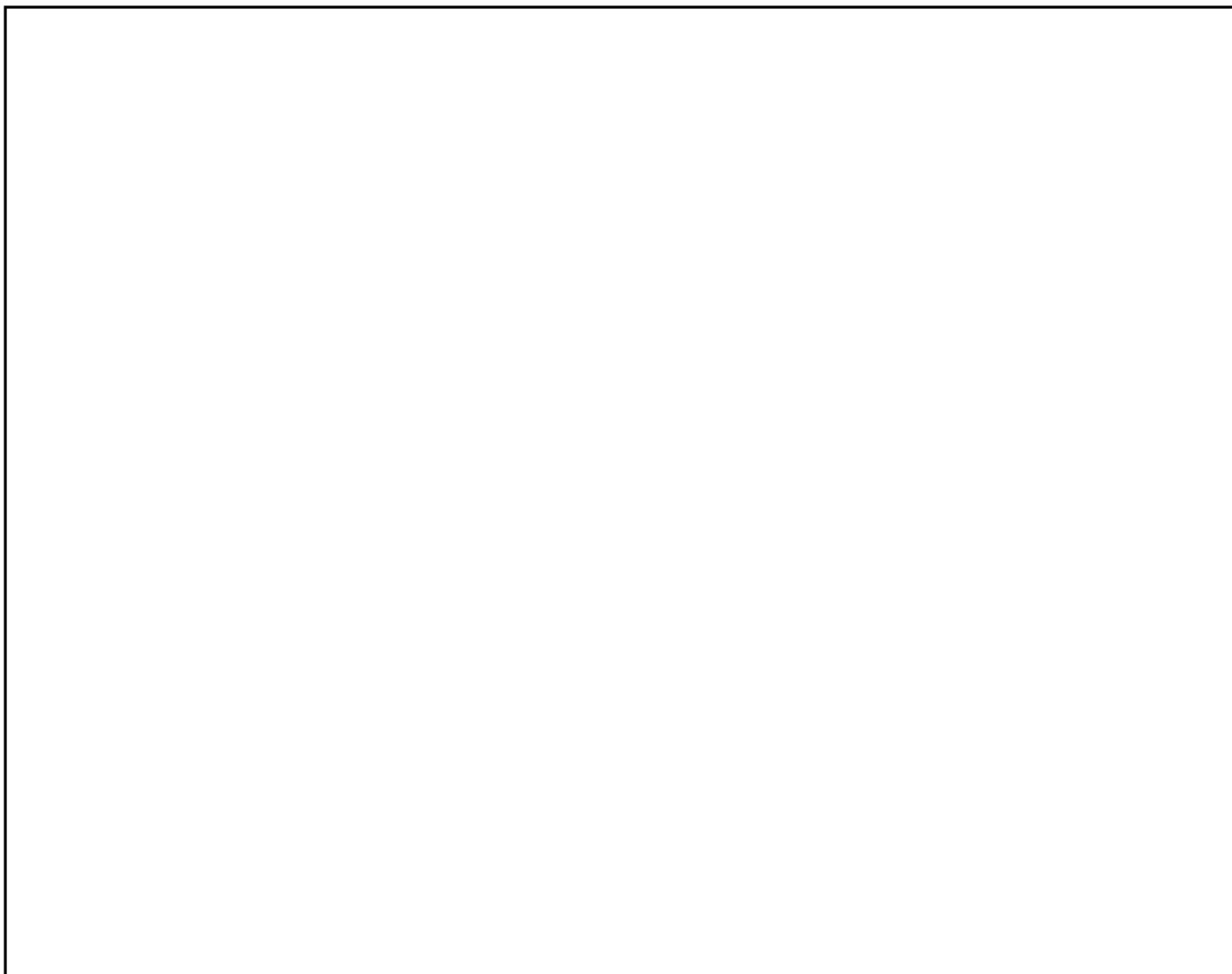
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SWAPO executive in Lusaka may have decided to counter this by paying more attention to guerrilla operations and adopting more aggressive tactics as a way of reasserting their leadership.

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EC SUMMIT

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[] //EC heads of government meet in Brussels today and tomorrow under pressure to make decisions on basic issues facing the Community, most notably direct elections to the European Parliament.//

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[] //The disappointing summit in Luxembourg last April and EC inactivity since then puts the Nine on the spot to avoid another stalemate. The prospects for some agreement this time are better, but smaller state resentment over signs of "dictation" by the larger EC powers may cloud the occasion.//

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[] //EC failure to agree on the number and allocation of seats for a directly elected European Parliament was responsible for much of the gloom following the April summit. Since then, France, Germany, and the UK have apparently agreed on a compromise, although smaller states, particularly Ireland, are likely to object that the compromise will give them too few seats.//

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[] //The smaller states are expected also to protest their exclusion from the recent Puerto Rico summit. They were not satisfied with the briefing UK Foreign Secretary Crosland gave the foreign ministers last week on that summit. They will probably again seek assurances that such meetings will not become routine.//

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[] //The Dutch, who have assumed the EC presidency for the next six months, are particularly concerned by reports that the Puerto Rico participants are considering a follow-up summit in Tokyo. They plan to recommend prior consultations within the Community as well as EC representation at any future summits, but this will run into opposition from the French, who oppose any set procedures for handling future summit invitations.//

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[] //The smaller states are also concerned that recent bilateral visits involving France, Germany and Britain could signal the emergence of a three-power Community directorate. The French, who are no longer pressing for a formal directorate, still believe that big-power agreements are the only realistic way to assure progress in the EC.//

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[] //The summit was expected to name UK Home Secretary Roy Jenkins as the president of the new EC Commission which

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takes office next January, but this may be delayed until later this year because of French objections. Jenkins is a staunch "Europeanist" and has already said he wants to play an active role in selecting other commissioners who have enough political stature to represent Community policy effectively.//

25X1 [] //A decision to eliminate the distinction between regular EC meetings and high-level political consultations may also be postponed. Integrating these meetings could greatly facilitate member-state coordination on foreign policy matters, especially with regard to the Mediterranean and southern Africa. Some member states are apparently reluctant to adopt the recommendations contained in Belgian Prime Minister Tindemans' report on European unity, however, and a decision may be delayed until the November summit in The Hague.//

25X1 [] //Consultations with the US may also be addressed partly as a result of the problems which arose from inadequate consultations and coordination among the developed states at the Nairobi UN Conference on Trade and Development. Some of the Nine, concerned that the US may move too far ahead of them in responding to third world demands, are pushing the increased consultations with the US.//

25X1 [] //Some dissatisfaction has also become evident recently over the alleged inadequacy of US-EC consultations on southern Africa. Several states argue that the Nine's support has been solicited without much US reciprocity in conveying its own intentions. []

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PERU

25X1 [] The brief military rebellion on Friday by a dissident army general was easily put down, but President Morales Bermudez' position remains uncertain.

25X1 [] The moderate-leftist schism in the armed forces caused Friday's challenge. []

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25X1 [] leftist Prime Minister and army commander Fernandez Maldonado decided to remove conservative army general Bobbio, who commanded a training center near Lima. The move apparently had the concurrence of Morales Bermudez.

25X1 [] Bobbio resisted the order, and some brief fighting at the center was reported, but apparently there were no casualties. Bobbio gave up the fight late Friday. He has since been retired, and all military commands have publicly expressed support for the president. By Saturday morning, Lima appeared calm.

25X1 [] The leader of the leftist forces, Fernandez Maldonado, is at least the short term winner, having eliminated an important conservative voice from army ranks. 25X1

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25X1 [] Despite the show of loyalty for him, Morales Bermudez must still contend with mounting economic problems and basic political divisions in the armed forces. The navy and some segments of the air force and army probably sympathized with Bobbio, although no units overtly supported his move. 25X1

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CUBA - UN - PUERTO RICO

25X1 [] //Cuba is continuing its campaign to have the UN Committee on Decolonization, which meets next month, list Puerto Rico as a non-self-governing territory and recognize a Puerto Rican national liberation movement. Puerto Rico was removed from the list in 1953.//

25X1 [] //The Cubans have raised the question of Puerto Rican independence in the UN and at nonaligned meetings since the early 1960s. Last year Havana proposed that the General Assembly grant the liberation movement non-voting observer status; consideration was postponed until this year. The group Cuba has in mind for UN observer status will probably include members of the strongly pro-Cuban Puerto Rican Socialist Party.//

25X1 [] //The Cubans are intent on avoiding a postponement in the decolonization committee. They may get their way because committee members are still angry about US criticism of the committee at the General Assembly last fall and do not want to appear subservient to the US on a "colonialism" issue.//

25X1 [] //Radical members of the third world advocate complete independence for Puerto Rico, and many of the moderates are reluctant to side with the US against Cuba. Active third world support for Cuba may have decreased this year, however, as other problems have taken center stage at nonaligned conferences.//

25X1 [] //Nevertheless, Cuban pressure on committee members and tours by Puerto Rican Socialist delegations seeking support for an independence movement indicate that the issue will be hotly debated in the committee.//

25X1 [] //The committee vote is likely to be very close. Australia, Chile, Fiji, Iran, and Norway are expected to support the US and defer consideration of Puerto Rico's status. Cuba can count on support from Bulgaria, the Congo, Czechoslovakia, Iraq, Mali, Syria, Tanzania, and the USSR. Afghanistan, Ethiopia, India, Indonesia, Ivory Coast, Trinidad and Tobago, Tunisia, Sierra Leone, and Yugoslaviacould abstain or vote either way. China is not expected to participate in the debate. []

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SPAIN

25X1 [] Spain is concluding arrangements on a \$1 billion loan from a syndicate of international banks to help finance its current balance-of-payment deficit. Although the loan was negotiated under the previous government, the new cabinet is likely to honor the agreement.

25X1 [] Spain reportedly obtained particularly good terms because of the highly liquid position of many of the participating banks. The five-year loan calls for an interest rate of 1.375 percent over the London interbank offer rate. In addition, a number of the banks undoubtedly were influenced by their interest in establishing branches in Spain.

25X1 [] The loan is to be used to meet a part of Spain's foreign financing needs for 1976. In addition to \$3.1 billion needed to cover the current account deficit, Spain must come up with \$1.6 billion to finance external debt amortization. Approximately \$2 billion should be provided through private capital inflows, leaving \$2.7 billion to be financed. If Spanish reserves are

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drawn down by \$1 billion, as now planned, a further \$700 million will still be needed beyond the \$1 billion obtained through the loan.

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[] The terms of the \$1 billion bank loan reportedly prohibit the Spanish government from further private borrowing for at least a year. No restrictions have been placed, however, on borrowing by government-owned commercial entities. Spain could also arrange borrowings from international institutions such as the International Monetary Fund. Spain is reported to be seeking long-term credits--approximately \$150 million--from Middle East sources for financing oil imports. []

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